

EXHIBIT 5



MONEY MEN

**A HOT START-UP,
A BILLION-DOLLAR FRAUD,
A FIGHT FOR THE TRUTH**

DAN McCRUM

THE FT JOURNALIST WHO BROUGHT DOWN WIRECARD

TRANSWORLD PUBLISHERS
Penguin Random House, One Embassy Gardens,
8 Viaduct Gardens, London SW11 7BW
www.penguin.co.uk

Transworld is part of the Penguin Random House group of companies
whose addresses can be found at global.penguinrandomhouse.com



Penguin
Random House
UK

First published in Great Britain in 2022 by Bantam Press
an imprint of Transworld Publishers

Copyright © Dan McCrum 2022

Dan McCrum has asserted his right under the Copyright,
Designs and Patents Act 1988 to be identified as the author of this work.

Every effort has been made to obtain the necessary permissions with
reference to copyright material, both illustrative and quoted. We apologize
for any omissions in this respect and will be pleased to make the
appropriate acknowledgements in any future edition.

A CIP catalogue record for this book
is available from the British Library.

ISBNs 9781787635043 (cased)
9781787635050 (tpb)

Typeset in 11/14.5pt Times NR MT by Jouve (UK), Milton Keynes.
Printed and bound in Great Britain by Clays Ltd, Elcograf S.p.A.

The authorized representative in the EEA is Penguin Random House Ireland,
Morrison Chambers, 32 Nassau Street, Dublin D02 YH68.

Penguin Random House is committed to a sustainable
future for our business, our readers and our planet. This book
is made from Forest Stewardship Council® certified paper.



Contents

Cast of Characters	ix
Diagram: Market cap history of Wirecard from 2003 to 2021	xiii
Prologue	1
1 Smoke in the Office	9
2 The Ponzi Guy	20
3 Bloody Knuckles	25
4 Fake Trees	35
5 Who is Jan Marsalek?	39
6 The Entertainment Business	52
7 Friends Like These	57
8 Ghosts in Manama	67
9 That's All Bullshit	72
10 On the Make in India	78
11 Rabble and Strife	90
12 The Façades Shake	101
13 A Rush of Blood	105
14 Friend or Foe?	114
15 Freaking Out	120
16 Black Truffles	133
17 Defenestrated	139
18 The Reluctant Whistleblower	152
19 Notes from the Bunker	161
20 Manipulated	169
21 Bearing Witness	181

22	Manila Envelope	187
23	SoftBank to the Rescue	196
24	Empty Chairs and Empty Tables	205
25	Gold-plated	212
26	Caught in the Trap	220
27	Attack and Retreat	229
28	Exocet	240
29	Chasing the Joker	248
30	Tradecraft	254
31	Closing the Border	263
32	Police Escort	271
33	Desperate Punches	281
34	Show Me the Money	286
	Conclusion	297
	Author's Note and Acknowledgements	307
	Index	311

16

Black Truffles

2017 – Singapore

Wirecard share price €46, market capitalization €5.7bn

SINGAPORE IS A NOWHERE place. Discreetly authoritarian, a melting pot of Malaysian, Indonesian, Chinese and Indian immigrants, it's an unthreatening home for global business. The city's financial district could pass for a leafier, more humid version of New York, gleaming skyscrapers interwoven with tropical greenery. Where Manhattan welcomes visitors with the Statue of Liberty, the capital-A Architecture dominating Singapore's approach is the Marina Bay Sands casino complex; a luxury ocean liner lifted heavenwards by three towers of glass. An infinity pool at the fifty-seventh floor gives the exclusive penthouse restaurant, Spago, the feeling of floating on air. To a man such as Henry O'Sullivan, it was irresistible. He took friends, family, business partners and hangers-on. Dom Perignon and caviar to whet the appetite, then steaks and spectacular wine. As head of Goomo, Colin was used to going to Spago after board meetings for the travel business with O'Sullivan, but in February 2017 he was surprised to see the restaurant empty, with a banquet table at its centre laid for about a dozen. They had the palace to themselves and Colin marvelled at the feast, a plate of black truffles like lumps of coal passed around as seasoning, tender steaks the thickness of phone books. Bottles of Opus One and other Napa Valley greats were uncorked with abandon while O'Sullivan held court in a salmon-pink

MONEY MEN

blazer, Kiton shirt barely buttoned. His status as a treasured patron was confirmed when Wolfgang Puck, the Austrian celebrity chef and restaurateur behind Spago, appeared to personally serve the guests. Enjoying himself immensely as the evening unfolded, Colin turned to Marsalek and asked what it was all about: was the night some sort of special occasion? Marsalek laughed. 'Because it's Tuesday.'

O'Sullivan was firmly settled in Singapore, living the good life. His home held an aquarium for hammerhead sharks. He kept a white Rolls-Royce, an ostentatious expense given Singapore's punitive car duties, and flew by private jet. Even Marsalek seemed jealous of his office at Senjo, a fintech company where O'Sullivan spent much of his time. Senjo was found on the fifty-sixth floor of One Raffles Place, and O'Sullivan's control was understood, if not clearly documented. His was the largest office, with an expansive view of the bay and a lavish interior. A striking chest of drawers, one half French regency, the other Scandi-minimal, was one designer touch. The same firm outfitted the Goomo office in the style of a boutique hotel, a sumptuous blue overall with accents of brass and gold. The designer also hung chandeliers in the compact space used by Epsilon Investments, a Singapore holding company controlled by the woman whose name also appeared on paperwork as the largest official investor in the Mauritius fund 1A. A bling touch was to enclose Epsilon's small private boardroom in mirrored partition walls, like the VIP room at a strip club, while inside was faux-wood-panel wallpaper.*

When O'Sullivan found someone he trusted, he used them again and again. Senjo had some admin staff, but a frequent presence in the office was the person who kept all the official filings straight: 'Shan', as everybody knew R. Shanmugaratnam, a bald, slightly rotund man with a long face. Shan set up companies and supplied directors to serve O'Sullivan and Marsalek's web of interests. For instance, the two men discussed backing an electric rickshaw company, SmartE, using the Mauritius fund, and it was Shan who incorporated the

* The Singaporean woman also controlled two UK stockbrokers, Novum and Daniel Stewart, the latter run by a shooting buddy of O'Sullivan's. Colin believed that O'Sullivan in fact controlled the two brokers.

Singapore entity which eventually invested. No introvert, he was also involved with a small, narrow pub, the Hedgehog, which specialized in 'bar-top dancing', where young women in short skirts mimed pop songs. It was another friendly place where O'Sullivan's boisterousness was tolerated.

By this point in their bromance, Marsalek and O'Sullivan's backscratching was continuous. For a time they both grew out bushy beards, Marsalek's giving him the appearance of a Chechen freedom fighter, his friends joked. They both told people they had stakes in Libyan cement factories. Goomo funded Marsalek's villa in Munich. Marsalek helped arrange a €7m line of credit for O'Sullivan at Wirecard Bank. Yet while they partied as if the good times would never end, trouble was brewing. A whistleblower was on to them.

In May 2016, an employee of Ernst & Young sent a letter to the audit firm's headquarters in Stuttgart, alleging that 'Wirecard Germany senior management' directly or indirectly held stakes in the 1A fund. It was a serious allegation: that executives were putting money in their own pockets by selling assets to Wirecard, and one which threatened to highlight the huge profits made by 1A in the deal. The concerned accountant also said that someone at Hermes in Chennai had attempted a clumsy bribe to persuade EY to sign off on manipulated sales numbers. So Wirecard didn't just face the usual credulous team from EY for its annual audit. The firm had now assigned its crack fraud team to take a look. Codename 'Project Ring', in early 2017 these forensic auditors were demanding documents and answers. Their inquiry threatened to unravel not just Marsalek and O'Sullivan's Indian scheme. In the aftermath of the Zatarra Report, many investors were still wary. If EY refused to sign off on the group accounts then the share price, Marsalek's high life and the reputation of Germany's most exciting tech company would all come crashing down. All that stood in the way of disaster was Marsalek's secret weapon: a thirty-year-old Indonesian bookkeeper called Edo Kurniawan.

Edo was eager to please and keen to get ahead. He'd joined Wirecard in Singapore as a lowly member of the finance team in October 2015. He wasn't the brightest, nor was his English perfect, but he

MONEY MEN

was a problem solver who took pride in cleaning up other people's messes. He soon moved to Munich with his wife, and was quickly indoctrinated into the culture. He took a competitive approach to Oktoberfest, finishing seven great steins and proudly marking the achievement (and the scale of the hangover it produced) by swearing off beer for life. He was just as competitive at work, putting in long hours, where he was determined to fit in. When the India deal was announced in October 2015 the valuation was obviously ridiculous. Kurniawan and a member of the M&A team involved in the due diligence, Matthias Helms, joked about it on a Skype chat. 'I wish I could sell a company to Wirecard,' said Helms.

The conversation turned to the oversight they could expect from Ernst & Young once the deal was done. Helms said the CFO, Burkhard Ley, was already on the case.

'Burkhard "co-ordinated" with EY Munich that there will be a change and that the new partner in India will come to Munich to meet us . . . and get brainwashed,' he wrote.*

'Hahahaha!' Kurniawan replied. He had grasped the Wirecard way. In no circumstances was the company to admit that any of the assets on its balance sheet were worth less than it paid for them, 'even in the event of natural disaster', he said.

Helms agreed: 'You got it, Edo. Totally qualified to join the Munich team :-)'

Asia was Marsalek's area of responsibility, and he had cultivated Kurniawan. First in small ways, asking him to collect post in Singapore, then on progressively more important issues and projects. The younger man had in turn earned Marsalek's trust as a safe pair of hands and, like many who fell into the executive's orbit, he tried to copy his style of sharp suits and snappy dressing. By early 2017 he was marked out for promotion and showing his dedication by jetting back and forth across the globe while his heavily pregnant wife

* A lawyer for Ley said at no time did he attempt to influence the decisions of the auditors, with whom his relationship was consistent with professional, objective and, above all, legal dealings. He said Ley had no recollection of meeting an EY partner from India.

BLACK TRUFFLES

waited at home: to Chennai; the US, where Wirecard was buying the prepaid card operations of Citigroup; and Singapore, where Kurniawan joked there was no need to pay for a hotel given the amount of time he spent in the office. He was massaging numbers, finding ways to tweak profits or fill holes all over Asia. As Ernst & Young's fraud specialists probed, Kurniawan used this frantic activity as an excuse. He was far too busy to supply the documents requested by EY's Project Ring.

It wasn't working. At the start of March Marsalek got a warning from someone at Ernst & Young; the firm had doubts about India and might withhold the audit confirmation there. Relations were deteriorating with The Boys at Hermes, Ramu and Palani, so Marsalek lined them up as the fall guys. 'We should treat it as if we believe it was a misunderstanding or some India weirdness,' he messaged Kurniawan, adding that he had a call scheduled with Ramu 'where I will basically fire him 🐼'.

Kurniawan failed to placate Ernst & Young. After three months of delay and prevarication, their fraud squad demanded documents and data by the end of the week. In the usually polite world of audit, it was fighting talk. Seeing the stern email, Marsalek followed up: 'Hi Edo, do you have this under control? This seems quite worrying. Cheers, Jan.'

A week later, the matter was becoming serious. The group audit had to be completed by the start of April, but Ernst & Young had a string of outstanding questions about the Indian business. As well as the relationship with Goomo, and a general lack of paperwork in India, the auditors were querying a €7m sale of software added to the Indian revenues at the last minute. Ginned up by Marsalek, the buyer was said to be a Pakistani business whose address was a post office box in Dubai. As the clock ticked down Kurniawan worked all hours, barely pausing for the birth of his son; company legend had him sending emails from the delivery room. Wirecard meeting rooms in HQ were named after cities, and on 30 March Kurniawan was summoned to 'Paris' to join a conflagration with Marsalek, Burkhard Ley and both teams from Ernst & Young, friendly and fraud-focused. Dashing to catch a plane to Singapore the next day, Kurniawan shot a message to his pal in the finance team: 'I just sent the report to EY fraud. Stomach ache.'

Still Ernst & Young came back with a now familiar list of demands. Kurniawan exhausted himself on the other side of the world to produce material to satisfy them. For two days he barely slept, when all of a sudden the impasse cleared. The bleary-eyed Kurniawan had stayed in the Singapore office so late he'd missed a flight to Vietnam. He could scarcely believe EY's decision: 'They really play with our feelings. Out of sudden we can recognize the revenue now. That's really super weird', he typed to his friend in Munich.

In the end it came down to a matter of good faith. Wirecard provided statements from senior executives explaining what was going on in their business. Marsalek drafted a text which said the company was confident that millions of euros owed to it would be paid. The managers at Hermes were also asked to sign statements attesting to the solidity of the figures given to Ernst & Young. It was the auditing equivalent of a firm handshake. EY took the measure of the men and decided to trust them. The accounts were signed.

Kurniawan soon got his reward, a promotion and a transfer. At the age of thirty-two, the new father was to head up Wirecard's finance team for the Asia Pacific, back in Singapore. He was to report directly to Stephan von Erffa, the deputy CFO, and was firmly in the Marsalek circle. As for the Austrian, with the all-clear from Ernst & Young it was back to business. Henry O'Sullivan wanted to expand his empire, with the help of a loan from Wirecard Bank. According to the presentation Marsalek handed to his colleagues describing the deal, Senjo processed more than €20bn of payments every year, worked with more than 100 different banks, and was regulated in Luxembourg and Lithuania. It wanted to buy Kalixa, a loss-making European payment processor that was being spun out of the gambling conglomerate GVC. In return for a slice of Kalixa's payments processing business, including premium clients like Arsenal Football Club and Burger King, Wirecard lent Senjo €25m of the €29m purchase price. Perhaps as an inside joke, there was a small indication of where the money would go: illustrating 'Senjo at a glance' was a black and white photo of the Marina Bay Sands by night, twinkling lights hinting at the festivities as Spago floated on air in luxurious defiance of gravity.

18

The Reluctant Whistleblower

September 2017 – Singapore

Wirecard share price €76, market capitalization €9.5bn

PAV GILL WAS, BEFORE anything else, a product of his mother's determination. Born in Singapore to Sikh immigrants, she first fell victim to an arranged marriage then defied it, kicking out her drunk husband and raising her son alone in Singapore's public housing while working as a banker. Sometimes she had to take him on business trips with her, or send him to relatives in England, but she always prioritized his education, pushing him to thrive in the city-state's best schools and to secure a place at its elite law college. Gill inherited that hard-working and determined streak, along with a striking head of prematurely silver hair, and he forged a career as an expert in financial services at Magic Circle law firms. He'd worked for a time in Dubai, but was back in Singapore at a start-up when he was headhunted to become Wirecard's first legal counsel for the Asia Pacific. The company flew him to Munich, and his new boss took him for a beer and a ride on a ferris wheel at Oktoberfest. He was to be the legal team's eyes and ears in Singapore. Gill was pleased and impressed, happy to be working for such a large and rapidly expanding financial institution. Wirecard was everywhere in Singapore, its credit card readers on shop counters, restaurant tables and in taxi cabs, and its big deal with Citigroup was supposed to give it a similar presence all across Asia. Gill had been told there was a bit of a job to

do, to put procedures and policies in place somewhere which still had a start-up culture, and he was looking forward to it.

When he actually arrived in Wirecard's Singapore office above Asia Square, Gill found he was sharing a room with another just-hired lawyer, Royston Ng. A fastidious Singaporean who favoured bow ties and braces, Ng was a former prosecutor and magistrate working for the team in charge of the Citi deal. His job was to deal with regulators, applying for all the licences Wirecard needed to actually take over payments processing from Citi in each of the eleven countries. As they got to work Gill found everybody friendly enough, but there was a culture clash. The Singaporeans Wirecard was hiring to professionalize its operation had a big-company mindset. Ng had spent time at the US behemoth General Electric, for instance, which made a science of management. Wirecard was run less as a go-getting start-up and more like a small business controlled by the entrepreneurs who'd sold their firm to Wirecard years earlier and for some reason stuck around. Money always seemed to be tight, not just in Singapore but at various country offices which were busy doing their own thing. The purse strings in Asia, meanwhile, were controlled by Edo Kurniawan. Gill found that the chubby young Indonesian was outwardly friendly and cheerful, but he had an unusual amount of responsibility for a thirty-two-year-old whose English wasn't up to scratch. He flew around a lot for an accountant, and complained about how often he had to go back to Munich to see Jan Marsalek and Burkhard Ley, the CFO who was about to retire. It was a humblebrag to underscore his influence, but Kurniawan was also in a constant state of agitation. Sat next to him on a flight home from Vientiane in Laos one day, Gill marvelled at the relentless work rate as Kurniawan ploughed through email after email at a furious pace, and suggested he take a break. The Indonesian said he didn't have time, but took a moment to vent.

'I do so much for this company, I still don't get treated well enough. I don't know if they appreciate it, I spend my time going to India fixing up so many of their problems. I'm on a flight every week; I go to Indonesia, the Philippines. They just shout: do this, do that,' Kurniawan complained.

MONEY MEN

Gill didn't know it then, but Kurniawan wasn't joking about his effectiveness. The young man had a knack for one of his most important jobs: charming the auditors at Ernst & Young. In December the lead audit partner from EY Germany, Andreas Loetscher, flew into Chennai for a two-day site visit at Hermes to better understand what was going on. Afterwards he wrote to Kurniawan to thank him for the 'preparation, discussions, explanations and entertainment', while a colleague requested 'local cuisine' for their trip to the Wirecard office in Philadelphia the following week. The ever-present Kurniawan made it to there as well, taking the auditors to a tourist trap where the waiting staff dressed as pilgrims. Whether it was the food or the company, the EY men once again flew home happy.

One incident in Singapore had caused Ng to raise an eyebrow. The lawyer was applying for a licence to issue prepaid cards in Hong Kong, but the accounts provided by the finance department showed the unit was loss-making. There was no way the regulator would wave the application through if its finances weren't sound. Kurniawan's response was to ask what number Ng needed. A new set of accounts soon arrived; the Hong Kong business was profitable after all. It was just a ripple – any large business can shift profits around if it needs to – and at Christmas Gill took another trip to Munich for the Christmas party, enjoying the sprawling event. Markus Braun positioned himself to one side with the PR team, while Jan Marsalek had an almost rock-star status, surrounded by a throng of Wirecard employees hanging on his every word. Gill felt drawn in, posing for a photo with this corporate celebrity. His luck was on the up.

In the spring of 2018 a member of Kurniawan's team asked to talk to Pav Gill, away from the office. They met for a coffee early on a Monday, and she was nervous. It had taken her a long time to get to this moment. She didn't want to blow the whistle, and she was scared for her job, but she felt she had no choice. Once she started talking, unburdening herself, Gill scribbled down notes, not quite able to believe what he was hearing.

At the start of the year Wirecard had been in the process of moving to new offices in a building favoured by other tech companies. The large floor was not yet fully occupied, boxes still littered the

place. Kurniawan called half a dozen people into a meeting room. He picked up a whiteboard pen and began to teach them how to cook the books.

What Kurniawan sketched out was a practice known as 'round tripping'. A lump of money would leave the bank Wirecard owned in Germany destined for the subsidiary in Hong Kong which was applying for the payments licence. But it would stay there only momentarily; just long enough to satisfy regulators that the business was well funded. Next the cash would depart to sit briefly in the books of an external 'partner', from where it would travel back to Wirecard in India. In each country the individual legs of the trip would look to local auditors like legitimate business. In Hong Kong the partner was a supplier being paid, while in India it was a valued Wirecard customer. In reality, the money would move in a circle.

As Kurniawan explained how the scheme would work, he mentioned that the reason for all the subterfuge was to help cover up a mess in India. A spat was brewing with the Ramasamy brothers there, but getting rid of The Boys hadn't been as easy as Marsalek expected. They still owned a big chunk of a business Wirecard needed to use in Chennai and were restricting use of an overdraft.

For two months the whistleblower had watched with rising alarm as the plan went into practice. She handed Gill a sheaf of documents, and the lawyer combed through them. To begin with he thought that the whole thing had to be some sort of misunderstanding. Why go to such lengths when the money involved was so small, just €2m? It didn't make any sense.

Gill trusted Ng, and together the two Wirecard newcomers quietly investigated. They soon had other reasons to suspect Kurniawan and those around him. They discovered Wirecard Singapore was more than a year late in filing audited accounts for 2016 due to a disagreement with the local arm of Ernst & Young. Meanwhile, in the Philippines a Wirecard business didn't have enough cash to pay a tax bill, so Kurniawan had instigated another round of suspect manoeuvres to find the money. Gill reported all of this up to Wirecard's head of compliance in Munich, Daniel Steinhoff, who in April landed in Singapore to hear the details himself. A full investigation was

MONEY MEN

needed, the first on Steinhoff's watch. As compliance was an afterthought at Wirecard, there was no manual for how he was supposed to proceed; Steinhoff improvised. On the recommendation of Royston Ng, he commissioned a team of expert investigators, former prosecutors at the big Asian law firm Rajah & Tann, for 'Project Tiger'. It would be their job to assess what had happened, and whether Wirecard faced any legal repercussions. To do that Rajah & Tann needed evidence, so the German lawyer ordered Wirecard's IT team to 'mirror' the email inboxes of Kurniawan and two accomplices. Soon the Singaporean lawyers were reading Kurniawan's emails.

What they found was damning. Pav Gill could watch a series of frauds unfold. In one email a member of the finance team sent himself the logo for a company. In the next he attached an invoice bearing that logo for payment by Wirecard, an amateurish forgery. Gill soon identified a string of suspect transactions. Documents were backdated, contracts were signed for software without any involvement of the Wirecard sales or technology teams. The amounts for each weren't huge, but the book-cooking operation had been going on for years.

At the start of May, Project Tiger took on a new urgency. Gill's whistleblower continued to feed him information, and she alerted him to a new round tripping scheme. This time the money would be routed to India via Kuala Lumpur, with Wirecard supposedly paying €2m for a market research study on payments in Malaysia. The head of the business there told Gill he knew nothing about it. With €2m about to walk out the door, everything accelerated. Rajah & Tann pulled together a thirty-one-page report on their interim findings, which laid out the alleged crimes in gory detail. Wirecard's executive board had to be told, so Royston Ng summarized everything in a PowerPoint presentation. He dispatched it to Munich, and the two Singaporean lawyers waited for the company to spring into action.

It was a critical moment for Wirecard. A groundswell of enthusiasm was carrying Markus Braun towards a goal which had been laughable when he first mentioned it all those years ago, but now had the air of inevitability: membership of Germany's DAX Index. It was the country's most select corporate club, representing the thirty most valuable public companies. Joining it would make Wirecard an

automatic investment for pension funds, charitable foundations and private savers the world over. Overnight it would catapult Braun into the ranks of a tiny global elite, one of the corporate leaders shaping the future with their exploits. He had just become a billionaire and was starting to act the part as well.

Braun had always controlled Wirecard's public relations behind the scenes, obsessing over press releases. At times it seemed to some staff that was all he did, and they knew better than to approach him when the stock price was falling. As Wirecard's growing size attracted the spotlight, Braun stepped into it wearing a black turtleneck jumper in the style of Steve Jobs. (As he retained his black jacket, the effect was more awkward cousin than heir to the visionary Apple founder.) Braun had also added a few empty phrases to his quiver. He was a 'pathological optimist', he told investors, who lapped up the rhetoric. That Monday in May Wirecard was worth €15bn, its share price €118, but the figure was rising daily and there was an irresistible arc to its ascendance. If it was to enter the DAX, then another member of that club would have to be ejected. A likely candidate was Commerzbank, the staid old financial institution. What better sign of Germany's modern economy could there be than such a farewell to the old and an ushering-in of the new?

Pav Gill had expected the report on Project Tiger to spark a storm of activity, a sharp intervention to stop the €2m going out, then suspensions pending a full investigation. Instead, Project Tiger was taken out of his hands. The Munich legal team were to oversee it, with assistance from Jan Marsalek, as he was in charge of Asia. Royston Ng threw a fit. At the very least Marsalek was a person of interest, a witness to some of the dodgy dealings, whether his involvement was witting or not. Ng's objections were squashed with a sharp rebuke from Munich.

Gill and Ng shared their unease with Daniel Steinhoff over Telegram, on a shared chat they'd used to discuss the investigation.

'What's going on?' Ng wrote.

Gill piled in as well. 'I don't understand how a few people commit several extremely serious financial crimes and then go on with impunity.'

Steinhoff, who was on holiday in Bali, had more of an insight into how the senior executives interacted:

‘I think Jan understands very well what it’s about, but they don’t shit in each other’s bed.’

Ng was worried about liability. So far as he was concerned all of them had a responsibility to report the suspicious transactions to the appropriate authorities.

‘As a former prosecutor, I say it very clearly: we will be prosecuted personally if we don’t do anything.’

Gill’s thoughts turned to Shakespeare:

‘Nowadays it seems easier to do something wrong than right. Reminds me of the beginning of *Macbeth* – “Fair is foul, and foul is fair”.’

Almost immediately Gill noticed a change in behaviour on the finance team. Kurniawan started to lock his office, while his cronies gave the lawyers the cold shoulder. The whistleblower became terrified there was a hunt under way for the mole and refused to do any more. In June Rajah & Tann came in to conduct interviews, and the suspects admitted everything. Kurniawan was almost arrogant, telling the lawyers to talk to Marsalek, that he had approved everything. In August the law firm sent an updated set of findings direct to Munich, but still nothing happened. Kurniawan and his gang carried on regardless. Gill tried to throw himself into his work, but by September his position was untenable. He was offered a choice: resign or be fired. He chose to go quietly, but Wirecard didn’t walk him out of the door there and then. Deciding he needed an insurance policy, Gill took copies of the Project Tiger email archives, seventy gigabytes worth of data: the mirrored files in which the true face of Wirecard was reflected.

At home with his mother, unemployed, Pav Gill tried to find another job. Royston Ng urged him to go to the Singapore authorities, to report what had happened, but Gill was despondent. He thought that if he went to the police it would all sound fanciful and put him in the line of fire. He’d seen all the forged documents; what was to stop someone at Wirecard faking something about him. He also imagined

difficult questions. *Oh, you have the proof? Do tell us exactly how you came to be in possession of this material, Mr Gill . . .*

He applied for positions, only for them to fall through at the last moment; he suspected a bad reference. Invited to one interview, it became an interrogation; instead of his job history and qualifications, it focused again and again on why he left Wirecard and what he'd done there, as if it were a test to see if he'd break confidentiality. Neighbours reported strange men taking an interest in the apartment Gill shared with his mother. They both began to suspect he was being followed, seeing the same few faces again and again when he left the house. His mother went on a picnic with friends and noticed a man sitting awkwardly close to them, straining an ear to their conversation. Gill wondered if they were incompetent, or the visibility was the point. Was it a message? He tried not to let it get to him, and even went for drinks with a couple of Wirecard fixers at Broadside, a German-themed bar. Over a few beers they explained what they were there to do.

'Yeah it's very common, in these sorts of situations. It's our job to speak to the person and find out what they want. If they have material with them, we find out if there's a way – if the material is incriminating in some way, for instance – we can come to some sort of financial arrangement.' The man left the clumsy suggestion hanging in the air. Gill sipped his lager while considering the matter. He knew he should end the conversation, but he was rather enjoying the food and the refreshments, while an idle part of him wondered what the number would be. After weighing it up, he shrugged. 'No. I don't have anything like that.'

In the end it was Gill's mother who took matters into her own hands. To her, every story about Wirecard's success was an affront. That summer the share price had spiralled up to as much as €192, a market capitalization touching €24bn, making it far more valuable than Deutsche Bank. Commerzbank was ejected from the DAX in September, while Braun used the media attention for even more outlandish predictions. Wirecard would grow even faster over the next ten years as society went cashless. By 2025 he forecast the company would process more than €700bn of payments each year.

MONEY MEN

Gill's mother was disgusted that such a high-flying company wouldn't act against criminals in its own ranks. While Gill searched job listings, she sat on the sofa trying to find ways to expose Wirecard. She began to approach journalists, and on Saturday, 13 October she sent me a pseudonymous email offering 'some highly sensitive information that can expose an international financial company that has been conducting corrupt activities the last many years'. She didn't name the company, just that the story was 'highly sensitive and dangerous in nature' and that she had to be sure I could be trusted to protect my sources.

When Gill found out, he felt sick to his stomach. 'Oh my God, Mum, what have you done now?'

26

Caught in the Trap

18 July, 2019 – London

Wirecard share price €139, market capitalization €17bn

LIONEL BARBER WAS ALL at sea, and it was disconcerting. He took off his reading glasses, leaned back on the sofa and looked up at the ceiling for inspiration, exhaling deeply.

‘You’re going to have to help me here guys. I’ve never encountered anything like this.’ On the glass coffee table between us were two letters from the law firm Herbert Smith, one to me, and one sent direct to the *FT* legal department accusing us of insider trading with Nick Gold. Wirecard said it had passed a recording on to the criminal authorities in the UK and Germany, and demanded that the *FT* not publish anything until their investigations were complete.

‘It’s a set-up, it has to be. We know we’re not corrupt.’ It was my turn to make the case.

Nigel Hanson, the lawyer, was circumspect. ‘Yes, and our response has always been to ask them for the evidence. If they have it, we’ll have to at least consider it.’

Paul Murphy was in shock. He was the one in the hot seat. Nick Gold was a contact of his, one he hadn’t known for long, another nightclub operator from the same bandit social circle as the Kilbeys. ‘You know me, Lionel, I’m an open book. I don’t know where this has come from. You can go through my finances if you like.’

Barber had regathered his normal authority. ‘I trust you, Paul, but

this is very serious and I need to talk to the lawyers.' He demanded a robust legal response from Nigel, and a fresh draft of the copy.

As we left his office I cursed our attempt to be clever. I'd spent June on the phone, hounding answers out of mostly baffled or uncommunicative companies about their supposed relationship with Wirecard and its partner Al Alam in Dubai. I'd enlisted a colleague in Tokyo, Leo Lewis, to twist the arms of the Japanese organizations on my list. I'd pieced together clues to identify a Filipino businessman who ran an online variant of gin rummy and thought highly of Wirecard, but had closed the games down when President Duterte won election in 2016. Not one of them knew anything about Al Alam, and only a handful admitted to still working with Wirecard. At the start of July, I was so sure that I'd found the big lie at the heart of the company that I decided to set a trap.

On 2 July I'd sent Wirecard some partial questions about its spreadsheet of customers which didn't exist. The aim was to tempt the company into a bear pit by revealing a small amount of what we knew, and Wirecard walked right into it. Herbert Smith told me, in lawyer-speak, to piss off: 'Our client has already informed you of its position that this document is inauthentic . . . It is therefore unclear why you persist in asking questions of our client based on the same, and we request that you cease doing so.'

Bingo. The company had run out of excuses. Wirecard had stated, through their Silver Circle lawyers, that the spreadsheet I was looking at was fake; but I knew it wasn't because I knew precisely where it had come from. So the plan Murphy and I had cooked up was to present readers with a choice by publishing the actual underlying documents. Then the world could decide: either the spreadsheets were fake, or Wirecard's profits were fraudulent. It was a battle we could win. But we underestimated Jan Marsalek, giving him two weeks to prepare a trap of his own.

The mistake Murphy made, when he sat back down at his desk after the meeting with Lionel, was to think like a reporter instead of a suspect. His instinct was to get to the bottom of it, so he immediately texted Nick Gold: 'Who did you meet in your offices at 9.15 yesterday?'

'A football agent. Why?'

'Well, he recorded you.'

'OMG.'

Gold, predictably, did not take the betrayal lightly. On Saturday a fresh letter arrived from Herbert Smith. As before, the law firm played the part of the waiter carrying the tray, taking no view on whether its client had poisoned the drinks. Wirecard offered a few supposedly incriminatory quotes from Nick Gold, and said it was concerned how he had learned of its complaint to the *FT*. Then *Handelsblatt* joined in with a lurid story about the 'ominous sound recording'. It gleefully parroted Wirecard's accusations of corruption at the *FT*, then followed up in a second piece with more details about the tape recording, telling readers that Gold's information 'matches the questions that the newspaper asked Wirecard'.

I read that sentence three times. Then I picked my jaw off the floor and found the questions I'd sent, and read it again. Everything *Handelsblatt* needed to take Wirecard down was there, and yet the newspaper seemed more concerned to go after us. Indeed, Sönke Iwersen followed up with a triumphant interview to an industry magazine about how the *FT* was a journalistic institution in the twilight.

The general counsel reappeared at Lionel Barber's door. Germany's business newspaper of record was not some tinpot Manila rag. Nikkei and the *FT* board had never questioned Barber about our Wirecard reporting, but he had heard on the grapevine there was some queasiness about the criminal complaint.

On Tuesday morning I was at home when Barber called. He apologized. He had every confidence in my reporting, he trusted me and Murphy, but he was going to call in the law firm RPC to conduct an investigation nonetheless. He said the gold-standard reputation of the *FT* was at stake, and we had to get ahead of Wirecard, to clear the air for us and for the good of the newspaper. He expected the probe would be quick, and then we could strike back.

I understood, I'd even expected it, but all the same I was numb. Barber's voice sounded like it was coming from a distance, the words weren't really registering. I'd been on the brink of triumph, finally

exposing the truth. Now I had become the story. My reputation was ruined and the journalistic protection I'd counted on to blunt the paranoid fears of my imagination had evaporated. If something happened, well, who would care; even the *FT* was investigating that criminal McCrum.

'Hang on a second. Before we start, can I just ask if there's anyone in the audience here from Herbert Smith Freehills?' Paul Murphy scanned the crowd in the East End theatre, eyes narrowed against the stage lights. It was a packed house, faces peering down from the ornate balconies, and the bare plaster of the walls was damp from the breath of the crowd in the heatwave gripping London. A tentative hand rose in the stalls. 'Security, if you'd please.' Heads swivelled as Murphy waved over a tall, dark Irishman in a black jacket, who half dragged the woman out of the hall.

'What are you doing? I'm allowed to be here. I have a ticket. This is totally unreasonable. Lawyers are people too . . .' A thud of closing doors cut her off.

'I'm very sorry for that interruption, but if we're going to talk about Wirecard we have to take such precautions.' Two days after the internal investigation was announced, Murphy was having a little fun. We were on stage to talk about the company for the latest experiment from the brain of *FT* Alphaville's editor Izabella Kaminska, a one-off evening of high-concept vaudeville at Wilton's Music Hall. Her team had persuaded the former *Baywatch* actress Pamela Anderson to help sell tickets with a video endorsement. Other entertainment that evening included a sermon from the Reverend Craig Wright, an Australian chancer with a giant bodyguard, who claimed (to snorts of derision from some watching) to be the billionaire inventor of Bitcoin. As Murphy and I ran through our careful script, we were interrupted by shouts from giant puppets, socks with buttons for eyes, projected on to the back of the stage: 'Crummy McCrum is going to jail!'; 'Go for it Markus!'

It felt good to show a small part of the world we weren't hiding away. The location was also a reminder of how the underworld had changed. That afternoon we'd rehearsed with a pint of Guinness in

MONEY MEN

what was once a pub frequented by the murderous Kray Twins. It had no menace any more, although while I was standing at the bar an off-duty postman strolled up, pulled out a book of unused taxi receipts and tore off a wodge for the landlord, taking a pint of lager in return.

A week later Lionel Barber was in Sicily, at the three-day summer camp for billionaires thrown by Google. It was like a whistle had sounded and called all the private jets in the world to heel. The Silicon Valley set were there, enjoying the usual entertainments to flatter their self-image as conscientious and charitable custodians of power. The robber barons heard from Prince Harry on climate change and nodded along to a set from the campaigning Chris Martin of *Coldplay*. As for networking, Barber was a paid-up member of the lycra mafia. He went on his first serious ride since breaking his collarbone, and as it wound up into the Sicilian hills in the blistering heat the views were literally breathtaking. He found himself sweating alongside a Googler and the grey-haired Austrian chairman of Deutsche Bank, Paul Achleitner, who took the opportunity to ask: 'What is it with you and Wirecard?'

The internal investigation was a sore point. 'You know what, these people are crooks and if you have anything whatsoever to do with them you need to be careful. It's a total fraud. I can't believe what we're being accused of, and the German media have been disgusting.'

The third biker intervened. 'What's the problem? All you need to know about Wirecard is that it's a German company run by Austrians.'

Barber pedalled on, determined to have the last word. 'Yeah, it's funny. But it's also a fraud.'

July's optimism about the pace of the investigation became August despair, as we learned that lawyers don't understand journalism, or finance. It wasn't the RPC media team who arrived at Bracken House and started by asking Barber how exactly the newspaper was put together. The *FT* had used the firm for years because it was a defence specialist that fought the likes of Schillings, so we thought they'd have a basic idea of how the sausage was made. Yet they wanted to know the production process, the publishing system, the lines of

command. The genie was out of the bottle and very slowly ambling around the building while the clock whirled on his billable hours. Herbert Smith was also doing its best to delay matters on behalf of its client, by arguing about the terms under which it would release a tape that Wirecard had already leaked to the German media. I was told I'd get to see a transcript when I was eventually interviewed, so RPC would get my impressions fresh. That was to be scheduled later, once they'd trawled through my inbox. Barber had at least limited the scope of the inquiry to email, avoiding a fight over the protection of confidential sources had they asked for our phones.

Those were dark weeks as it dragged on, the threat of whatever Wirecard had cooked up hanging over us. I wasn't suspended – Barber had even told us to keep working on the story – but then I wasn't able to publish anything either. In normal times there's a journalistic grumps which comes on at the end of an unproductive day, particularly when no useful words are written. I didn't want to go to the office, which felt aimless, but then I didn't want it to seem like I was hiding either. Twitter was a dumpster of vitriol. I'd play with the kids in the garden and forget for a while, only for my mind to slip into the vortex. 'Daddy, why aren't you listening to me?'

What shook me out of the funk was lunch with Paul Murphy and Fahmi Quadir. She was twenty-eight, a second-generation Bangladeshi immigrant from Long Island, and was fast making a name for herself as a short seller. We left our phones behind as a precaution and went for lunch at J. Sheekey in Covent Garden, a reliable fish joint, as a taste of London class. Quadir had dark eyes, black hair piled up on her head and New York glamour. She was an accidental short seller who'd studied Maths and Biology and was set for academia when she took a corporate intelligence job to earn some cash before grad school. Quadir found she was good at gently prising information about pharmaceutical supply chains out of production managers at factories in Hungary and other out-of-the-way places. But she realized the drug makers buying this intel weren't using the data to avoid supply shortages; instead they raised prices for essential medicines hospitals couldn't do without. She quit, and went to work for a hedge fund instead. In late 2017 she'd quit again and was

MONEY MEN

founding her own fund when she ran into Zatarra's Fraser Perring at a Washington DC get-together organized by the renowned short seller Marc Cohodes, who had retired to raise chickens and horses in wine country but kept his hand in. Perring was in rude health (no cast or crutch in sight). He now presented himself as an expert researcher rather than a trader and was claiming a victory for his new activist short selling brand, Viceroy Research; it had put out an attack report about a South African furniture business called Steinhoff *after* it announced accounting problems. (Parts of the document were copied verbatim, without permission, from work by the London hedge fund Portsea Asset Management written six months earlier.) Quadir thought Perring was a bit strange, but Cohodes cherished unusual characters and seemed to trust him. They stayed in touch, and while Perring also mentioned that his friend 'Ian Hollins' could help Quadir raise money for her new fund, his talk of Wirecard put her on to the scent.

So she'd been watching our battle with the company, and also conducting her own research. In the spring of 2019 she drove to Pennsylvania to knock on Wirecard's door with her fund's researcher. They found a huge office with no security. At the unmanned front desk was a binder full of the names and phone numbers of people said to work there, but only about ten were visible. A salesman came over and Quadir asked about prepaid cards. They sat down and he explained that Wirecard would do its know-your-customer checks on her business. She could then hand out the cards to anyone she liked. They could be loaded with a staggering \$150,000 each, and reloaded wherever she wanted; with cash; with another payment card; at an ATM. What the salesman was proposing would be a licence for her to launder money, avoid taxes, run a drug gang – anything cash-rich and attention-shy.

Then came a whistleblower, someone who knew Jan Marsalek and the high-risk processing world well. He picked Quadir to speak to because she published a scathing attack on BaFin when it banned short selling of Wirecard shares, but the reason he wanted to talk was because he was scared. In March 2019, an experienced payments executive called Gary Murphy had driven a quad bike off a cliff in

CAUGHT IN THE TRAP

New Zealand. Rumours were flying around that it wasn't an accident, that Federal investigators were closing in on a money laundering operation with the help of a co-operating witness, and that Gary Murphy had been the rat.* Quadir's whistleblower decided he wanted to be on the right side of history, so had told her all about Jan Marsalek, his Mastercard contact and their friend the porn baron Ray Akhavan.

'Wait, hang on a second, did you say Ray?' A forkful of fish pie dangled on its way to my mouth momentarily forgotten as I interrupted Quadir. A bell was clanging at the back of my brain. I looked at Murphy. 'Ray. Why do I know that name?'

A spark of recognition. 'What, do you mean the CIA uncles? That was Ray, I think.'

Quadir looked back and forth between us. 'The CIA? What? Come on, play fair, what are you talking about?'

We started comparing notes, explaining about the mystery Proton-Mail from Ray and Marsalek's hope to move the Austrian embassy to Jerusalem. Quadir, meanwhile, briefed us on Akhavan's friendships with Marsalek and the Mastercard contact. Just when I thought I had got to grips with what Wirecard was, a new trapdoor snapped open and a host of bats came flying out.

Quadir's whistleblower had urged her to contact the authorities. The criminal lawyers at the firm her fund used happened to be based in Texas, so in July Quadir had walked into the Dallas branch of the Department of Justice to speak to half a dozen prosecutors and FBI agents specializing in money laundering, digital crimes and payments. It had quickly turned into a brainstorming session about how they could recreate her work and the avenues for prosecution.

The reporting urge came surging back. I'd been concentrating on Wirecard's fake customers. What if I took a look at some of their real ones?

In North Devon, staying with my parents at the end of August, I finally switched off. We held sandcastle competitions on Instow beach

* An inquest into the incident, in which two people died, was ongoing.

MONEY MEN

and told the kids to keep their mouths closed when they splashed in the water, which wasn't clean enough for swimming. The pollution was at least less obvious than the mounds of brown and white foam my sister and I had played with in the same spot when we were their age. A week of Mum's cooking, lazy days and sipping wine with Charlotte as we watched sunsets over the water was a balm.

We got back to St Albans on the first Monday in September. As we were bringing everything in, I checked the post. There was no letter box; it was one of the final jobs which fell victim to the inertia which set in once the house was built. Instead we had a plastic recycling box with a sheet of wood on top. Lifting it up, I saw a big fat envelope marked 'by hand'. Pulling it open, I felt a knot in the pit of my stomach. It was Wirecard's lawsuit. I looked around, half expecting someone to be watching. It had been an abstract curiosity for so long I'd forgotten about it. Looking at my name on the first page next to that of the *FT*, it felt suddenly, nauseatingly, all too real.

For three days I hid from it. I couldn't bring myself to read any further and anyway I had other things to think about. RPC had finally summoned Murphy and me to our interviews.